

Message Text

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ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

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AMEMBASSY BAMAKO

AMEMBASSY COTONOU

AMEMBASSY LAGOS

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AMEMBASSY LOME

AMEMBASSY NDJAMENA

AMEMBASSY OUAGADOUGOU

AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: EALR, ERCP, EFIN, NG

SUBJECT: URANIUM BOOSTS NIGER'S BUDGET

1. THE GOVERNMENT HAS ANNOUNCED A BUDGET FOR 1977
(OCTOBER 1976 - SEPTEMBER 1977) OF OVER \$140 MILLION
--A 40 PER CENT INCREASE OVER LAST YEAR. ALTHOUGH NOT
UNPRECEDENTED (LAST YEAR'S INCREASE WAS 58 PERCENT), THE
STEEP RISE REFLECTS GROWING OPTIMISM ABOUT THE
ECONOMY AND THE IMPORTANT ROLE OF NIGER'S NEW
MONEYMAKER, URANIUM.

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2. ABOUT HALF OF THE BUDGET INCREASES ARE TO BE MET BY EXPECTED NEW URANIUM PROFITS. COUNTING ON INCREASED PRODUCTION AND STRONG URANIUM PRICES, THE GOVERNMENT IS PROJECTING 8 - 10 BILLION CFA IN REVENUES FROM FOREIGN MINING OPERATIONS, COMPARED WITH 4 BILLION CFA FOR FY 76. IN THIS CONTEXT, IT IS INTERESTING TO NOTE THAT A WORLD BANK TEAM VISITING NIGER LATE LAST YEAR PROJECTED THAT URANIUM REVENUES WOULD NOT SURPASS 3 - 4.5 BILLION CFA BY 1980. IF THE GOVERNMENT'S PROJECTIONS PROVE ACCURATE, REVENUES FROM URANIUM WILL HAVE RISEN TENFOLD OVER THE LAST THREE YEARS.

3. THE NEW BUDGET'S REVENUES COME FROM THREE MAIN SOURCES: (1) IMPORT/EXPORT DUTIES -- 37 PERCENT; (2) DIRECT/INDIRECT TAXATION - NOW 39 PERCENT OF TOTAL REVENUES, DOWN FROM 48 PERCENT IN FY 76; AND (3) THE URANIUM SECTOR WHOSE CONTRIBUTION HAS CLIMBED FROM 15 PERCENT TO OVER 24 PERCENT OF THE TOTAL BUDGET REVENUES BETWEEN 1976 AND 1977. DESPITE DECISION TO LOWER CUSTOMS DUTIES ON A VARIETY OF CONSUMER STAPLES LAST APRIL, THE GOVERNMENT IS ALSO COUNTING ON A 27 PERCENT INCREASE IN IMPORT/EXPORT TAX REVENUES. OPERATING BUDGET EXPENDITURES HAVE BEEN SET AT \$107 MILLION. THE MOST IMPORTANT INCREASE (135 PERCENT) IS IN THE NATIONAL INVESTMENT FUNDS, NIGER'S FUND FOR DEVELOPMENT OPERATIONS. THE MINISTRY OF FINANCE ESTIMATES THAT 23-30 PERCENT OF THE 1977 BUDGET HAS BEEN DIRECTLY ALLOCATED TO INVESTMENT. NIGER'S CREDIT POSITION REMAINS HEALTHY. THE COST OF SERVICING THE PUBLIC DEBT (THREE-QUARTERS OF IT INTERNAL) REPRESENTS 5.4 PERCENT OF TOTAL BUDGET REVENUES -- A MODEST FIGURE BY LDC STANDARDS.

4. THE NATIONAL BUDGET HAS MORE THAN DOUBLED SINCE THE MILITARY SEIZED POWER TWO AND A HALF YEARS AGO. PER CAPITA EXPENDITURES -- \$13 UNDER THE LAST DIORI BUDGET -- WILL NOW BE CLOSER TO \$30. AT THE SAME TIME THE GOVERNMENT HAS LOWERED THE ONEROUS HEAD TAX BY 50 PERCENT WITH PLANS TO REMOVE IT ENTIRELY IN 1978. WHILE SHARPLY RISING CONSUMER PRICES REMAIN A SERIOUS PROBLEM, THE BURGEONING URANIUM SECTOR, THE PROSPECTS FOR A GOOD HARVEST, THE LIMITED OFFICIAL USE

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COUNTRY'S STABLE BALANCE OF PAYMENTS AND STEADY FLOWS OF DONOR ASSISTANCE ARE ALL CONTRIBUTING TO A MOOD HERE THAT THINGS MAY BE STARTING TO BREAK RIGHT FOR NIGER.

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